

RICHARD GEORGE  
431 Central Avenue  
Menlo Park, California 94025  
Telephone: (650) 327-6319  
mail@rickgeorge.com

FILED

08 FEB 20 PM 1:34

RICHARD W. WICKING  
CLERK OF DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

RICHARD GEORGE,

Plaintiff,

v.

UNITED STATES

Defendants.

Case No.: C 07 4673 MJJ MHP

**RICHARD GEORGE'S SECOND  
AFFIDAVIT FOR ENTRY OF DEFAULT**

Pursuant to Fed. R. of Civ. Proc. 55(a), plaintiff Richard George, hereby makes this Second Affidavit for Entry of a Default against defendant United States in the above-entitled matter and declares as follows:

1. On or about January 28, 1999, Chameleon Software, Inc. ("Chameleon"), a California Corporation, was formed by me and two other software professionals.
2. Shortly after incorporating Chameleon opened an office in Palo Alto and has been operating exclusively in California ever since.
3. Since 1999 Chameleon has been in the business of developing proprietary software and also does software contract work.
4. Starting in 2003, Chameleon signed a contract with Versant Corporation ("Versant") to do software development work for a third-party located in Burbank California.

- 1       5. As part of the Versant contract Chameleon hired a software User Interface ("UI")
- 2       developer in 2003 to do part of the work.
- 3       6. As part of the Versant contract I was required to travel to Burbank on a weekly basis,
- 4       Monday thru Friday, and the UI developer mostly worked remotely and traveled to
- 5       Burbank occasionally.
- 6       7. Both the UI developer and I entered our hours on an online Versant time card program
- 7       and Chameleon submitted regular invoices to Versant that were itemized by worker,
- 8       work performed, and hours worked.
- 9       8. Chameleon also submitted regular expense reports to Versant based on significant
- 10      travel, hotel, and meal expenditures for both myself and the UI developer.
- 11      9. The payments from Versant to Chameleon were deposited in Chameleon's checking
- 12      account at Bank of America and checks were issued by Chameleon based on work
- 13      performed and expenses.
- 14      10. Loni Kupchanko ("Kupchanko") was the corporate counsel for Versant and was
- 15      responsible for negotiating contracts between Versant and Chameleon and had intimate
- 16      knowledge of the Versant/Chameleon work agreement, including the fact the UI
- 17      developer on the project and I were billing Versant for roughly equal time.
- 18      11. On or about June 1, 2004 Jane Allen ("Allen") issued a summons to Versant regarding
- 19      Chameleon.
- 20      12. On or about June 24, 2004, according to Jane Allen's notes, Kupchanko called Allen
- 21      and told her that "George works exclusively on his own."
- 22      13. Attached as Exhibit D, page 1, is a true and correct copy of Allen's notes dated
- 23      06/24/2004 received by me in response to a FOIA request.
- 24      14. On July 23, 2004, the Office of Chief Counsel ("OCC") for the IRS issued a
- 25      determination that Chameleon was my alter ego based on Allen's "memorandum dated
- 26      June 23, 2004 and supplemental memorandum dated June 30, 2004" The OCC
- 27      memorandum states that I was "attempting to hide" my assets, was "the only employ"
- 28      of Chameleon, and received all of the funds paid to Chameleon by Versant.

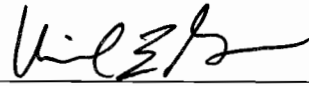
- 1 15. Attached as part of Exhibit E is true and correct copy of the OCC memorandum dated  
2 July 23, 2004.
- 3 16. I have never attempted to hide my assets and the UI developer working on the Versant  
4 contract received more money than I did during much of the contract.
- 5 17. On or about July 26, 2004, the IRS issued levy notices to Versant and Bank of America  
6 in the name of Chameleon, as my alter ego.
- 7 18. On or about July 29, 2004, Bank of America levied Chameleon's checking account in  
8 the amount of \$18,421.
- 9 19. Between July 30 and August 5, 2004, three checks drawn on Chameleon's account and  
10 returned for insufficient funds.
- 11 20. On or about August 3, 2005, I deposited a check of approximately \$36,000 in the  
12 Chameleon checking account at Bank of America in order to cover the checks returned  
13 for insufficient funds.
- 14 21. On or about August 9, 2004, the IRS issued a levy replacing the July 29, 2004 levy to  
15 both Versant and Bank of America.
- 16 22. On or about August 10, 2004, the IRS filed a Notice of Federal Tax Lien in the name of  
17 Chameleon, as my alter ego.
- 18 23. On August 24, 2004, Allen received a letter from Kupchanko stating that funds were  
19 being remitted to the IRS for the full amount invoiced by Chameleon, which included  
20 19 days for me and 14 days for Chameleon's UI developer. Attached as part of Exhibit  
21 E is a true and correct copy of Kupchanko's letter to Allen.
- 22 24. On or about September 4, 2004, I requested a collection due process hearing in  
23 response to the lien notice issued to Chameleon on August 10, 2004. Attached as part of  
24 Exhibit E is a true and correct copy of request for a due process hearing.
- 25 25. On October 12, 2004, Allen received a letter from Kupchanko stating that funds were  
26 being remitted to the IRS for the full amount invoiced by Chameleon, which included  
27 11 days for me and 8 days for Chameleon's UI developer. Attached as part of Exhibit E  
28 is a true and correct copy of Kupchanko's letter to Allen.

- 1 26. Allen's actions caused me, Chameleon Software, and related entities severe economic  
2 damage. I was unable to pay the expenses to travel back and forth to Burbank and my  
3 business relationships suffered as a consequence and continue to suffer. I was forced to  
4 terminate the UI developer and Versant started looking disfavor ably upon me because  
5 the IRS was constantly requiring them to spend time producing documents, etc.
- 6 27. On September 7, 2005, I mailed a Claim for Damages to the Area Director of the IRS  
7 seeking the maximum amount allowable for each of the three years 1997-1999.
- 8 28. Attached as Exhibit E is true and correct copy of the Claim for Damages I sent to the  
9 Area Director of the IRS on September 7, 2005.
- 10 29. Attached as Exhibit F is a true and correct copy of the Bank of America bank statement  
11 for the period July 22 through August 20, 2004 for Chameleon Software, Inc.
- 12 30. Attached as Exhibit G is a true and correct copy of the e-mail I sent to Thomas Moore  
13 on April 28, 2006 regarding Preliminary Accounting of Damages.
- 14 31. In addition to the damages relating to Chameleon, the Claim for Damages also specifies  
15 damages related to IRS disclosures to the California Franchise Tax Board ("FTB").
- 16 32. Attached as Exhibit H are true and correct copies of my 1998 state return, substitute for  
17 return for 1998 prepared by the IRS, Notice of Propose Assessment from the FTB  
18 based on IRS disclosure, and Income Tax Amnesty Application.
- 19 33. As a direct result of the IRS disclosure to the FTB, I have been assessed an additional  
20 \$51,999 -- because the FTB added the IRS disclosed wages to what I already reported  
21 and disallowed all deductions -- and I am subject to potential criminal penalties under  
22 the FTB tax-amnesty program.
- 23 34. As a result of the damages I suffered and the IRS's failure to reply to my administrative  
24 claim for damages, I filed a Claim for Damages against the United States in California  
25 Superior Court, San Mateo County, on September 7, 2007.
- 26 35. The attorneys for the United States, pursuant to 28 U.S.C. §§1441-1446, petitioned for  
27 removal to this Court on September 11, 2007.
- 28 36. The United States failed to answer my complaint within 60-days.

1 37. Because of the failure of the United States to respond, I am hereby requesting an entry  
2 of default.

3 I declare under penalty of perjury that the foregoing is true and correct.

4 Executed on this 18th day of February, 2008, Menlo Park, California

5  
6 By 

7  
8 Richard George  
9 431 Central Avenue  
10 Menlo Park, California 94025  
11 Telephone: (650) 327-6319  
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**D**



Wednesday, June 30, 2004, 11:51am

REQUESTOR: 33081307  
ICS HISTORY TRANSCRIPT

CASE TIN: 564-13-3662

CASE NAME: RICHARD E GEORGE

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ACT DT: 06/24/2004 SYS DT: 06/24/2004 CONTACT: OTHER CREATE ID: 33081307  
GENERAL HISTORY

Rec'd t/c from Becky w/ Comerica Bank at (313)222-4184. The levy was rec'd on 6/10 and the payout date will be 7/1/2004. The levy attached to \$4733.

Rec'd vms from Ric Reynolds indicating that he spoke w/ Anna Maria w/ the FTB and obtained the assessment dates for me. The FTB's earliest assessment date is on 1998 and is dated 7/25/2000, which pre-dates our earliest assessment date. There levy to Schwab is for \$23K and pre-dates our levy.

It looks like the FTB does have priority over the funds. Ric will f/u w/ FTB's SPF to see what they intend to do w/ the stock certificates held by Schwab.

I still have not heard back from Etrade. It does not appear that the levies will generate a f/p. The alter-ego levy request was delivered to Counsel yestesrday.

POA: await response from Counsel re alter-ego levy approval.

Response from Versant is due on 6/28 (re summons).

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ACT DT: 06/24/2004 SYS DT: 06/24/2004 CONTACT: PHONE CREATE ID: 33081307  
GENERAL HISTORY

Rec'd t/c from Loni Kupchanko w/ Versant Corporation's legal counsel dept. Loni can be reached at (510) 789-1724.

Loni provided me w/ the following information:

1) Versant subcontracts work out where certain skill levels have been identified as being needed to fullfill a job.  
there is a company known as  
has an engagement w/ Versant.

MATERIAL DELETED  
5 USC 552(b)(3) &  
IRC 6103(a)

2) Versant has subcontracted this engagement to Richard George, dba:  
was very pleased w/ George's work and extended the  
engagement.

3) George bills Versant directly for his expenses.

4) George works exclusively on his own  
negotiated the contract w/ Versant.

and

MATERIAL DELETED  
5 USC 552(b)(3) &  
IRC 6103(a)

Thursday, May 26, 2005, 1:19pm

REQUESTOR: 33111307  
ICS HISTORY TRANSCRIPT

CASE TIN: 564-13-3662

CASE NAME: RICHARD E GEORGE

POA also inquired as to whether or not levy action would stop if t/p submitted a CIS. I told/encouraged POA to submit a CIS; however, I also told him that collection would not stop b/c the returns did not accurately state t/p's income, i.e., t/p did not report earnings from WTP and Chameleon in 2003.

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ACT DT: 08/23/2004 SYS DT: 08/23/2004 CONTACT: PHONE CREATE ID: 33081307  
GENERAL HISTORY

Rec'd t/c from Loni Kupchanko w/ Versant Corp re notice of levy. Loni requested that I fax part 3 of levy to him. Okay. I inquired as to what response Versant will be providing. Loni indicated that George called him and will be sending an invoice to him shortly. Loni has a rough figure as to what Versant's obligation will be under the levy.

Faxed part 3 to (510) 217-3737 this date.

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ACT DT: 08/24/2004 SYS DT: 08/24/2004 CONTACT: OTHER CREATE ID: 33081307  
GENERAL HISTORY

Req'd dmV for Chameleon Software and by address only today.

Rec'd fax from Versant indicating that company rec'd invoice from Chameleon Software. The invoice is dated 8/16/2004 and included work performed from June 1 - June 30, 2004. The invoice is split and includes payment due to David George in the amount of \$13,440 and Richard George in the amount of \$22,800.

The cover letter attached to the invoice indicates that Versant will honor the IRS levy and remit proceeds of \$36,240 within one one.

T/c made to BofA regarding levy. Requested to speak w/ Maricel and Maricel is on vacation. BofA indicated that they would be remitting a pymt to irs on 8/30 - 21 days from receipt of the levy. BofA claims levy was rec'd on 8/9; although I think Ben served the levy on 8/6.

BofA would not tell me the amount of the proceeds, but did acknowledge receiving my fax on 8/12 re the accumulated funds in Chameleon's account.

I spoke w/ BofA summons department in Northern California (Eileen) @ #436-4811. Eileen said she could have information re the account balance to me w/ a summons quickly (w/in 24 hours). I can serve levy to BofA at 1455 Market Street, 11th floor, in San Francisco, CA 94102.



Thursday, May 26, 2005, 1:19pm

REQUESTOR: 33111307  
ICS HISTORY TRANSCRIPT

CASE TIN: 564-13-3662

CASE NAME: RICHARD E GEORGE

Later, I rec'd a check from BofA for \$18,421.45. I think BofA segregated funds - emailed gm re proceeds.

ACT DT: 08/25/2004 SYS DT: 08/25/2004 CONTACT: OTHER CREATE ID: 33081307  
GENERAL HISTORY

RE: levy payment issued prematurely by BofA. I am not clear why proceeds seem to be split. On 8/12/2004, I faxed a levy to Maricel w/ BofA's levy dept in Southern California to inform her that the replacement levy was the valid levy and the accumulated funds in Chameleon's account were subject to the levy.

I discussed situation w/ agm and I will hold the levy proceeds in the amount of \$18K until I can get some clarification from BofA as to the amount in the account at the time the replacement levy was rec'd by them (BofA says 8/9).

ACT DT: 08/25/2004 SYS DT: 08/25/2004 CONTACT: FIELD CREATE ID: 33081307  
SUMMONS (NON TFRP)

SUMMONS (NON TFRP) ENTITY TYPE: FINANCIAL INSTITUTION

SUMMONSED PARTY: BANK OF AMERICA

(CONT.):

SUMMONS RESPONSE DATE: 09/07/2004

3RD PARTY CONTACT RECORD(S) GENERATED

INCLUDED MODULES: 30/199712 (P)

30/199812 (P)

30/199912 (P)

RESULTS: F/c made to 1455 Market Street. Spoke w/ Gloria in summons unit. Hand delivered summons to Gloria and explained purpose of summons - that I need to determine why levy dept issued check prematurely. Gloria understood reason, but suggested that I issue another summons specific to the levies, which would require the levy department to communicate w/ me and provide me with the information that I am seeking. Gloria will provide me w/ the info on this summons.

ACT DT: 08/25/2004 SYS DT: 08/25/2004 CONTACT: OTHER CREATE ID: 33081307  
GENERAL HISTORY

T/c made to BofA levy dept to advise them of summons - requested to speak to department manager. I was connected w/ Paula Harris. Explained situation to Paula, that a check for \$18,421.45 was sent to the IRS, which apparently is in response to the levy BofA rec'd on 7/29. Advised Paula that the IRS sent/served a replacement levy on 8/9 that superseded the levy rec'd on 7/29.



Internal Revenue Service  
Small Business/Self Employed  
450 Golden Gate Avenue, 6th Floor  
  
San Francisco, CA 94102

## FAX TRANSMITTAL COVER SHEET

To: Maricel with Bank of America

FAX #: (213)240-3499

Date: August 12, 2004

Number of Pages (including cover sheet): 1

From: Jane Allen, Revenue Officer

Identification Number: 94-06291

FAX: 415-436-6424

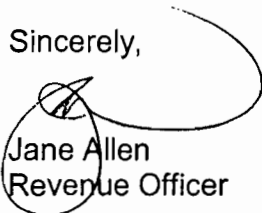
Voice: (415) 522-4334

Dear Maricel:

This facsimile is in response to your voicemail regarding the Notice of Levy dated July 26, 2004 against Chameleon Software, as the alter ego, nominee, or transferee of Richard E. George. Please note that the second Notice of Levy replaced the first levy. It is my understanding that your department is holding approximately \$18,000 against the initial levy that you received and \$36,000 against the second or replacement levy. Because Bank of America was in possession of \$18,000 and \$36,000 at the time the second levy was received, the cumulative amount of the funds would be subject to the replacement levy. Accordingly, it is the Service's expectation, that Bank of America would be remitting approximately \$54,000 to the IRS.

If you have any questions regarding this facsimile, you may contact me at (415) 522-4334.

Sincerely,

  
Jane Allen  
Revenue Officer

### CONFIDENTIALITY NOTICE

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone (collect if necessary), and return the communication to the address above via the United States Postal Service. Thank you.

**E**

Richard E. George  
431 Central Avenue  
Menlo Park, California 94025  
(650) 327-6319

Area Director, Internal Revenue Service  
Attn: Compliance Technical Support Manager  
1301 Clay Street, Suite 1600-S,  
Oakland, CA 94612

RE: Claims for Damages,  
SSN: 564-13-3662

To Whom It May Concern:

Please be advised that in compliance with 26 U.S.C. 7433 and Treasury Reg. § 301.7433 I am hereby submitting claims for damages to the maximum extent allowable by law for the each of the years 1997 thru 1999.

These claims are based on the following grounds and attached documents:

- 1) The IRS and its agents and officers wrongfully disallowed deductions for property tax payments, mortgage interest payments, and other schedules A, C, D, and E deductions shown on my federal tax returns years 1997 thru 1999 and imposed unlawful penalties for these years. These IRS actions lead to a series of over 50 levies against me and Chameleon Software during 2004 and 2005 causing significant financial losses that otherwise would not have occurred.
- 2) The IRS and its agents and officers, including Revenue Officer "Jane Allen" (#94-06291), have wrongly claimed that I was the sole person working for Chameleon Software and that Chameleon Software was my alter ego when they knew this was not the case. Allen was explicitly informed by Versant Corporation, a company Chameleon was being paid by, that there were multiple persons contracted by Chameleon to do work for Versant. Nevertheless, Allen submitted a false report to the IRS corporate counsel stating that I was the sole person working for Chameleon. The result was that Allen issued a long series of levies against Chameleon as the alter ego of me. Allen's actions left Chameleon with no money to pay its workers and left me with no money to live on for nearly a year. As a result, Chameleon was forced to terminate its workers because of its inability to pay them. Allen's actions have had a detrimental impact on Chameleon's ability conduct business and have left me in financial straits.
- 3) Although I requested a due process hearing in response to the IRS Notice of Federal Tax Lien dated August 10, 2004 (see attached), I did not receive a response.

U.S. POSTAL SERVICE <b>CERTIFIED MAIL™ RECEIPT</b> (Domestic Mail Only; No Insurance Coverage Provided)	
<b>OFFICIAL USE</b>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
Postage	\$ 40.83
Certified Fee	\$ 2.30
Return Receipt Fee (Endorsement Required)	\$ 1.75
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 44.88

PALO ALTO, CA 94301  
Postmark  
Help  
2005  
09/07/2005  
U.S. PS

Sent To: Area Director, IRS, Attn: Compliance Technical Support Manager  
Street Apt. No.: 1301 Clay St, Suite 1600-S  
City, State Zip+4: Oakland, Calif. 94612  
PS Form 3800, June 2002 See Reverse for Instructions



4) Allen signed and sent out numerous levy notices she was not authorized to sign and she failed to obtain the required approval signatures on documents authorizing the seizure of Chameleon's business assets. For instance, she sent a notice of levy for over \$300,000—naming “Chameleon Software, as the alter ego, nominee, or transferee of Richard E. George”—to Bank of America with her typed signature and title of Revenue Officer; on August 6, 2004, the notice was re-sent with a different signature, a title of Territory Manager, and a note stating: “\*\*\*This replaces the Notice of Levy mailed July 26, 2004 by changing the signature and title of the Service Representative\*\*\*”; Allen then instructed the bank to send both the amount on deposit on July 26<sup>th</sup> (\$18,421) and the amount on deposit on August 6<sup>th</sup> (\$36,315). Allen's actions violate 26 U.S.C. 6331—“a levy shall extend only to property possessed and obligations existing at the time thereof”—and Section 1203 the IRS Reform and Restructuring Act of 1998 for “failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets.”

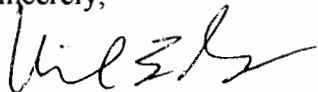
5) The IRS and its agents and officers disclosed to the California Franchise Tax Board that I earned \$129,000 in 1998. This disclosure caused the FTB to increase my earnings by \$129,000 – even though I had already reported that amount on my state tax return – and impose unwarranted additional taxes and penalties. The FTB also disallowed my property tax and mortgage interest write-offs, etc. based on various IRS disclosures relating to 1997 thru 1999 taxes. These disclosures caused the FTB to wrongly impose taxes and penalties in excess of \$107,000 for years 1997 thru 1999 and have subjected me to potential criminal penalties under the FTB tax-amnesty program.

6) Because of the IRS actions against me, I have lost significant work hours and have been unable to use the money that would have otherwise been targeted for business assets that would have generated profits and deductions in future years. In addition, I have been unable to afford much needed medical and dental procedures as a direct result of the IRS leaving me with no money to live on. As a result, I have a medical condition that is now irreparable because it has been neglected for too long.

Because of these and numerous other wrongful actions against me, including the denial of due process, I have suffered irreparable losses, which exceed those authorized by 26 U.S.C. § 7433. I am therefore entitled to recover the full amount authorized by § 7433 for each of the 3 years (1997-1999) covered by this claim.

If you have any questions or need further information please contact me at the above-listed phone number or address.

Sincerely,



Richard E. George



Office of Chief Counsel  
Internal Revenue Service  
**memorandum**

CC:SB:7:SAC:2:TMRohall

date: July 23, 2004

to: Mike Rockwell  
Compliance Group Manager

from: Thomas M. Rohall  
General Attorney (Sacramento, Group 2)  
(Small Business/Self-Employed)

---

subject: Alter Ego Lien/Levy Request  
Re: Chameleon Software

This is in response to your memorandum dated June 23, 2004 and supplemental memorandum dated June 30, 2004 concerning a request to file Alter Ego liens and serve alter ego levies on Chameleon Software as the alter ego or nominee of Richard George.

#### ISSUES

Whether Chameleon Software is the alter ego or nominee of Richard George.

#### CONCLUSIONS

Yes. The factual development by the revenue officer amply supports the conclusion that Chameleon Software is the alter ego or nominee of Richard George. The revenue officer should file the alter ego/nominee liens and serve alter ego levies as indicated in her two memorandums described above.

#### FACTS

The revenue officer is attempting to collect assessed liabilities against the taxpayer, Richard George, for the years 1997 through 1999. The balance due is in excess of \$300,000. The 1997 liability is the result of a Tax Court Decision. The 1998 and 1999 liabilities are the result of a defaulted statutory notice.

The taxpayer has attempted to hide his assets and income and has continued to make frivolous constitutional arguments. The evidence developed by the revenue officer demonstrates that Chameleon Software is simply a dba used by the taxpayer to conduct his business as a software developer. The bank account in the name of Chameleon Software is used by the taxpayer to pay personal expenses. The taxpayer has held himself out to be Chameleon Software. He is the sole signatory authority on the Bank of America account. He is also the only employee of the entity. He is also the

person who negotiated the consulting contract with Versant, which contract pays the taxpayer approximately \$22,000 per month.

The revenue officer has developed sufficient facts to show that Chameleon Software is the alter ego or nominee of Richard George. We recommend that the following language be used in filing the liens and levies:

Chameleon Software, as the alter ego, nominee, or transferee of Richard George.

If you have any questions, please feel free to contact me at (916) 974-5723.

John Y. Chinnapongse  
Associate Area Counsel  
(Small Business/Self-Employed)

By:



THOMAS M. ROHALL  
Attorney (SBSE)

cc: Jane Allen, Revenue Officer, San Francisco

Writers Direct Dial Number  
510-789-1724  
lkupchanko@versant.com

August 24, 2004

Internal Revenue Service  
Attn: Jane Allen  
450 Golden Gate Avenue, 6<sup>th</sup> Floor  
San Francisco, CA 94102

**RE: Notice of Levy – Chameleon Software / Richard E. George**

Dear Jane Allen;

In follow-up to our phone conversations and in compliance with your Notice of Levy that we received on July 30, 2004, please accept this letter of explanation. I have attached a copy of the most recent invoice that we have received from Chameleon Software for the period June 1, 2004 through June 30, 2004 in the amount of \$36,240.00. You will note from the invoice that this includes 14 days of billings for Mr. David George as well as 19 days of billings for Mr. Richard George. We will be issuing a check this week in this total amount payable to your offices as per the levy instructions.

In addition please note that we will be expecting an additional invoice from Chameleon Software for the July billing period in the near future. Once we receive it, we will process it in the same manner and send any amount due through the date of July 31, 2004 to your offices as per the levy.

Please contact me if you have any questions.

Sincerely,

**Versant Corporation**

---

Loni Kupchanko  
General Counsel

Writers Direct Dial Number  
510-789-1724  
lkupchanko@versant.com

October 12, 2004

Internal Revenue Service  
Attn: Jane Allen  
450 Golden Gate Avenue, 6<sup>th</sup> Floor  
San Francisco, CA 94102

**RE: Notice of Levy – Chameleon Software / Richard E. George**

Dear Jane Allen;

In follow-up to, and in compliance with, your Notice of Levies that we received on July 30, 2004 and September 21, 2004, please accept this letter of explanation. I have attached a copy of the most recent invoice that we have received from Chameleon Software for the period July 1, 2004 through July 30, 2004 in the amount of \$28,080.00. You will note from the invoice that this includes 8 days of billings for Mr. David George as well as 11 days of billings for Mr. Richard George. We will be issuing a check next week in this total amount payable to your offices as per the levy instructions.

In addition please note that we will be expecting an additional invoice from Chameleon Software for the August and September billing periods in the future. Once we receive it, we will process it in the same manner and send any amount due through the date of September 21, 2004 to your offices as per the levy.

Please contact me if you have any questions.

Sincerely,

**Versant Corporation**

---

**Loni Kupchanko**  
**General Counsel**

Notice of Levy

DATE: July 26, 2004

TELEPHONE NUMBER

REPLY TO: Internal Revenue Service

OF IRS OFFICE: (415) 522-4334

attn: Jane Allen

450 Golden Gate Avenue, 6th Floor

San Francisco, CA 94102

NAME AND ADDRESS OF TAXPAYER:

Chameleon Software, as the alter ego,  
nominee, or transferee of Richard E. George

431 Central Avenue

Menlo Park, CA 94025-2804

TO: Bank of America

Levy Dept.

P. O. Box 54660

Los Angeles, CA 90054-0660

IDENTIFYING NUMBER(S): 564-13-3662

95-4733541

THIS ISN'T A BILL FOR TAXES YOU OWE. THIS IS A NOTICE OF LEVY WE ARE USING TO COLLECT MONEY OWED BY THE TAXPAYER NAMED ABOVE.

Reference: this Notice of Levy includes, but is not limited to, account number 01176-10739

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
1040	12/31/1997	\$28,262.29	\$12,875.06	\$41,137.35
1040	12/31/1998	\$70,051.06	\$15,116.90	\$85,167.96
1040	12/31/1999	\$150,187.12	\$34,420.41	\$184,607.53
THIS LEVY WON'T ATTACH FUNDS IN IRAs, SELF-EMPLOYED INDIVIDUALS' RETIREMENT PLANS, OR ANY OTHER RETIREMENT PLANS IN YOUR POSSESSION OR CONTROL, UNLESS IT IS SIGNED IN THE BLOCK TO THE RIGHT. =====>				Total Amount Due \$310,912.84

We figured the interest and late payment penalty to 08/26/2004

Although we have told you to pay the amount you owe, it is still not paid. This is your copy of a notice of levy we have sent to collect this unpaid amount. We will send other levies if we don't get enough with this one.

**Banks, credit unions, savings and loans, and similar Institutions described in section 408(n) of the Internal Revenue Code must hold your money for 21 calendar days before sending it to us. They must include the interest you earn during that time. Anyone else we send a levy to must turn over your money, property, credits, etc. that they have (or are already obligated for) when they would have paid you.**

If you decide to pay the amount you owe now, please bring a guaranteed payment (cash, cashier's check, certified check, or money order) to the nearest IRS office with this form, so we can tell the person who received this levy not to send us your money. Make checks and money orders payable to **United States Treasury**. If you mail your payment instead of bringing it to us, we may not have time to stop the person who received this levy from sending us your money.

If we have erroneously levied your bank account, we may reimburse you for the fees your bank charged you for handling the levy. You must file a claim with the IRS on Form 8546 within one year after the fees are charged.

If you have any questions, or want to arrange payment before other levies are issued, please call or write us. If you write to us, please include your telephone number and the best time to call.

Signature of Service Representative

/S/ Jane Allen

Title

Revenue Officer



Form 668-A(ICS)  
(Rev. Jan. 2003)

Department of the Treasury – Internal Revenue Service

**Notice of Levy**

DATE: July 26, 2004

REPLY TO: Internal Revenue Service

attn: Jane Allen

450 Golden Gate Avenue, 6th Floor

San Francisco, CA 94102

TELEPHONE NUMBER

OF IRS OFFICE: (415) 522-4334

TO: Bank of America

Levy Dept.

P. O. Box 54660

Los Angeles, CA 90054-0660

NAME AND ADDRESS OF TAXPAYER:

Chameleon Software, as the alter ego,  
nominee, or transferee of Richard E. George

431 Central Avenue

Menlo Park, CA 94025-2804

IDENTIFYING NUMBER(S):

564-13-3662 / 95-4733541

THIS ISN'T A BILL FOR TAXES YOU OWE. THIS IS A NOTICE OF LEVY WE ARE USING TO COLLECT MONEY OWED BY THE TAXPAYER NAMED ABOVE.

**Reference: this Notice of Levy Includes, but is not limited to, account number 01176-10739**

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
1040	12/31/1997	\$28,262.29	\$12,875.06	\$41,137.35
1040	12/31/1998	\$70,051.06	\$15,116.90	\$85,167.96
1040	12/31/1999	\$150,187.12	\$34,420.41	\$184,607.53

\*\*\* This replaces the Notice of Levy mailed July 26, 2004 by changing the signature and title of the Service Representative \*\*\*

THIS LEVY WON'T ATTACH FUNDS IN IRAs, SELF-EMPLOYED INDIVIDUALS' RETIREMENT PLANS, OR ANY OTHER RETIREMENT PLANS IN YOUR POSSESSION OR CONTROL, UNLESS IT IS SIGNED IN THE BLOCK TO THE RIGHT.===== =&gt;

Total  
Amount  
Due

\$310,912.84

We figured the interest and late payment penalty to 08/26/2004

Although we have told you to pay the amount you owe, it is still not paid. This is your copy of a notice of levy we have sent to collect this unpaid amount. We will send other levies if we don't get enough with this one.

**Banks, credit unions, savings and loans, and similar Institutions described in section 408(n) of the Internal Revenue Code must hold your money for 21 calendar days before sending it to us. They must include the interest you earn during that time. Anyone else we send a levy to must turn over your money, property, credits, etc. that they have (or are already obligated for) when they would have paid you.**If you decide to pay the amount you owe now, please bring a guaranteed payment (cash, cashier's check, certified check, or money order) to the nearest IRS office with this form, so we can tell the person who received this levy not to send us your money. Make checks and money orders payable to **United States Treasury**. If you mail your payment instead of bringing it to us, we may not have time to stop the person who received this levy from sending us your money.

If we have erroneously levied your bank account, we may reimburse you for the fees your bank charged you for handling the levy. You must file a claim with the IRS on Form 8546 within one year after the fees are charged.

If you have any questions, or want to arrange payment before other levies are issued, please call or write us. If you write to us, please include your telephone number and the best time to call.

Signature of Service Representative

/S/ Leah Bass

Title

Territory Manager ID # 68-11380

Chameleon Software, Inc.  
431 Central Avenue  
Menlo Park, California 94025

September 4, 2004

Internal Revenue Service  
1301 Clay Street #1400-S  
Oakland, California 94612

Re: Notice of Federal Tax Lien (See attached.)

To whom it may concern:

Enclosed please find Form 12153, Request for a Collection Due Process Hearing for the above referenced matter. This request for hearing is being made, in part, on the following grounds:

- Chameleon Software, Inc. is not the alter ego or nominee of Richard E. George.
- Chameleon Software is a California corporation established as such in 1999.
- Chameleon Software has never received a notice of deficiency nor otherwise had an opportunity to dispute this tax liability.

Your prompt attention to this matter is appreciated.

Sincerely,

Chameleon Software, Inc.

By: 

Richard E. George  
President/CEO  
Chameleon Software, Inc.

# Request for a Collection Due Process Hearing

Use this form to request a hearing with the IRS Office of Appeals only when you receive a **Notice of Federal Tax Lien Filing & Your Right To A Hearing Under IRC 6320**, a **Final Notice - Notice Of Intent to Levy & Your Notice Of a Right To A Hearing**, or a **Notice of Jeopardy Levy and Right of Appeal**. Complete this form and send it to the address shown on your lien or levy notice for expeditious handling. Include a copy of your lien or levy notice(s) to ensure proper handling of your request.

(Print) Taxpayer Name(s): Chameleon Software, Inc.

(Print) Address: 431 Central Avenue.

Daytime Telephone Number: (650) 450-2633 Type of Tax/Tax Form Number(s): 1040

Taxable Period(s): 1997 - 1999

Social Security Number/Employer Identification Number(s): 95-4733541

Check the IRS action(s) that you do not agree with. Provide specific reasons why you don't agree. If you believe that your spouse or former spouse should be responsible for all or a portion of the tax liability from your tax return, check here ☐ and attach Form 8857, Request for Innocent Spouse Relief, to this request.

☒ **Filed Notice of Federal Tax Lien (Explain why you don't agree. Use extra sheets if necessary.)**

- 1) Chameleon Software is not the alter ego/nominee of Richard E. George
- 2) Chameleon Software is a California corporation established in 1999
- 3) Chameleon Software has never received a notice of deficiency nor otherwise had an opportunity to dispute this tax liability.

☐ **Notice of Levy/Seizure (Explain why you don't agree. Use extra sheets if necessary.)**

I/we understand that the statutory period of limitations for collection is suspended during the Collection Due Process Hearing and any subsequent judicial review.

Taxpayer's or Authorized Representative's Signature and Date: Chameleon Software, Inc.  
By: [Signature] 9/4/04  
Richard E. George, President/CEO

Taxpayer's or Authorized Representative's Signature and Date: \_\_\_\_\_

IRS Use Only:

IRS Employee (Print): \_\_\_\_\_ IRS Received Date: \_\_\_\_\_

Employee Telephone Number: \_\_\_\_\_

Recording Requested By Internal Revenue  
Service. When recorded mail to:

INTERNAL REVENUE SERVICE  
1301 CLAY ST #1400-S  
OAKLAND, CA 94612

For Optional Use by Recording Office

Form 668 (Y)(c)  
(Rev. February 2004)

9714 Department of the Treasury - Internal Revenue Service

# Notice of Federal Tax Lien

Area: SMALL BUSINESS/SELF EMPLOYED AREA #13  
Lien Unit Phone: (510) 637-2386

Serial Number  
186130104

**As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.**

Name of Taxpayer CHAMELEON SOFTWARE, AS THE  
ALTER EGO, NOMINEE, OR  
TRANSFeree OF RICHARD E GEORGE

Residence 431 CENTRAL AVE  
MENLO PARK, CA 94025-2804

**IMPORTANT RELEASE INFORMATION:** For each assessment listed below, unless notice of the lien is refilled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
1040	12/31/1997	564-13-3662	03/26/2001	04/25/2011	14458.72
1040	12/31/1998	564-13-3662	09/30/2002	10/30/2012	70051.06
1040	12/31/1999	564-13-3662	09/30/2002	10/30/2012	150187.12

Place of Filing

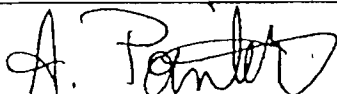
SAN MATEO  
REDWOOD CITY, CA 94063

Total \$ 234696.90

This notice was prepared and signed at OAKLAND, CA, on this, the 10th day of August, 2004.

Signature

for JANE ALLEN



Title  
REVENUE OFFICER  
(415) 522-4334

33-08-1307

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax lien  
Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Part 1 - Kept By Recording Office

Form 668(Y)(c) (Rev. 2-2004)  
CAT. NO 60025X

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

Area Director, IRS  
Attn: Compliance Technical  
Support Manager  
1301 Clay St. Suite 1600-5  
Oakland, Calif. 94612

## 2. Article Number

(Transfer from service label)

7004 2510 0000 6561 6506

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

## A. Signature

X M. Woo

☐ Agent☐ Addressee

## B. Received by (Printed Name)

M. Woo

## C. Date of Delivery

9/8/05

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

## 3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

## 4. Restricted Delivery? (Extra Fee)

☐ Yes



**F**

CHAMELEON SOFTWARE, INC.

Statement Period: July 22 through August 20, 2004  
Account Number: 01176-10739☐ **Account Activity**

Date Posted	Description	Reference Number	Amount
<b>Withdrawals, Transfers and Account Fees</b>			
07/29	Debit Adjustment 2802-29jul04 Levy Source: 4090		\$18,421.45
07/29	Legal Process Fee 2802-29jul04 Levy Source: 4090		75.00
07/30	Insufficient Funds Fee		30.00
08/04	Insufficient Funds Fee		30.00
08/05	Insufficient Funds Fee		30.00
08/09	Debit Adjustment 3300-09aug04 Levy Source: 4090		36,315.00
08/09	Legal Process Fee 3300-09aug04 Levy Source: 4090		75.00
08/10	Insufficient Funds Fee		33.00
08/11	Insufficient Funds Fee		33.00
	<b>Total Withdrawals, Transfers and Account Fees</b>		<b>\$55,042.45</b>
<b>Service Charge</b>			
08/20	In-Branch Transaction Fee - Deposits		\$3.00

☐ **Daily Balance**

Date	Amount	Date	Amount	Date	Amount
07/29	-\$ 75.00	08/04	36,345.00	08/10	- 108.00
07/30	- 105.00	08/05	36,315.00	08/11	- 141.00
08/03	36,375.00	08/09	- 75.00	08/20	- 144.00

☐ **Bank of America: In Balance**

To assist you in reconciling your account, we have provided the following summary information.  
A reconciliation worksheet is printed on the reverse of this page.

- Your ending balance from this statement ..... - \$144.00
- Subtract insufficient funds fees from your checkbook register ..... 156.00
- Subtract other account fees from your checkbook register ..... 150.00
- Subtract the monthly service charge from your checkbook register ..... 3.00

**G**

## **Rick George**

---

**From:** Rick George [mailto:rick@rickgeorge.com]  
**Sent:** Friday, April 28, 2006 2:12 PM  
**To:** Tom.Moore@usdoj.gov; David Silberman; Anne Michelle Burr  
**Subject:** First Demand for Admissions and Preliminary Accounting of Damages  
**Attachments:** First Demand for Admissions.pdf

Dear Messrs Moore, Silberman, and Burr:

Please see attached for plaintiff's first demand for admissions. Plaintiff respectfully requests that all three defense attorneys collaborate on the responses.

The following is a preliminary accounting of plaintiff's damages in this matter:

The IRS has collected approximately \$300,000 for 1997-1999

The FTB has assessed approximately \$100,000 for 1998 and 1999 and collected approximately \$30,000

Plaintiff's CPA has calculated plaintiff's 1997-1999 taxes due to be \$14,197 (FED) and \$5,508 (STATE).

Thus the calculated damages based on these over assessments alone are approximately \$380,295 (\$400,000 - \$19,705).

In addition, plaintiff is an entrepreneur and due to defendants' actions has lost investment capital and innumerable time that would have been allocated to his business pursuits had he not been distracted by defendants' relentless hounding.

From 1997 to 1999, plaintiff was the Senior Architect for Verity, a company that produced the premiere search engine technology for web-based internet searching. A number of Verity's employees went on to Google and subsequently made millions of dollars from stock options and as you must well know the founders of Google have made billions of dollars from their search technology.

After plaintiff left Verity he was attempting to develop similar technology as a founder of Chameleon Software. The defendants in this matter, however, prevented him from doing so with their relentless and wrongful collection actions, causing him to be much distracted from his business pursuits and depriving him of his investment capital. Plaintiff would have had a much greater chance of building a successful software business along the lines of Google or Microsoft had defendants not engaged in such heavy-handed, unlawful acts.

Plaintiff's damages and defendants' liability in this matter are therefore potentially in the billions of dollars.

Furthermore, as set forth in plaintiff's complaint, plaintiff has been denied his constitutional rights and immunities, has been unable to afford necessary medical attention, has suffered other substantial losses, and has been kept from pursuing productive endeavors due to defendants' actions.

Please reply with your thoughts as to how we may settle this matter and your responses to the attached demand for admissions.

Sincerely,

/s/ Richard George

Richard George

**H**



# California Resident Income Tax Return 1998

APE

540

FEDERAL RETURN ATTACHMENT REQUIRED:

☒ YES ☐ NONOT  
TACH  
BEL564-13-3662 GEOR  
RICHARD E GEORGE

98

Do Not Write  
In These Spaces

P

AC

A

R

RP

## Step 1

name  
and  
address431 CENTRAL AV  
MENLO PARK CA 94025

## FOR COMPUTERIZED USE ONLY

01	1	30	0	49	0	APE	0
06	0	31	0	50	0	3800	0
09	0	35	0	51	0	3803	0
11	0	36	0	52	0	CATMT	0
12	129280	37	2596	53	0	SCHG1	0
14	0	38	0	54	0	5870A	0
16	0	39	0	55	0	5805 5805F	1
17	92876	41	0	56	0	770391174	
18	46484	43	0	57	0		
20	2666	44	0	58	0		
21	70	45	0	59	0		
23	0	46	2596	60	0		
28	0	47	0	61	2596		
29	0	48	0	63	119		

## Step 2

## Filing Status

Check only one.

- 1 ☒ Single
- 2 ☐ Married filing joint return (even if only one spouse had income)
- 3 ☐ Married filing separate return.
- 4 ☐ Head of household (with qualifying person) STOP. See instructions.
- 5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19

Enter spouse's social security number above and full name here.

## Step 3

## Exemptions

Attach check  
or money order  
here.

- 6 If someone can claim you (or your spouse, if married) as a dependent on their tax return, check the box here. . . . . 6 ☐
- 7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2. . . . . 7 ☐
- 8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2 . . . . . 8 ☐
- 9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2. . . . . 9 ☐
- 10 Add line 7 through line 9. These are your total exemptions. . . . . 10 ☐
- 11 Dependents: Enter name and relationship. Do not include yourself or your spouse. . . . . 11 ☐

Enter total number of dependents 11

## Step 4

Taxable  
IncomeAtt. copy of your  
Form(s) W-2,  
W-2G and  
1099-R here.

- 12 State wages from your Form(s) W-2, box 17 . . . . . 12 ☐ 129,280
- 13 Enter fed AGI from Form 1040, In 33; Form 1040A, In 18; Form 1040EZ, In 4; or TeleFile Tax Record, In H . . . . . 13 92,876
- 14 California adjustments - subtractions. Enter the amount from Schedule CA (540), line 33, column B . . . . . 14
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions . . . . . 15 92,876
- 16 California adjustments - additions. Enter the amount from Schedule CA (540), line 33, column C . . . . . 16
- 17 California adjusted gross income. Combine line 15 and line 16. . . . . 17 92,876
- 18 Enter your CA standard deduction OR your CA itemized deductions. . . . . 18 46,484
- 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- . . . . . 19 46,392

## Step 5

## Tax

- 20 Tax. Check if from ☒ Tax Table ☐ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 . . . . . 20 2,666
- 21 Exemption credits. Check if from: ☒ Flowchart ☐ Federal AGI limit or ☐ CA TMT limit. . . . . 21 70
- 22 Subtract line 21 from line 20. If less than zero, enter -0- . . . . . 22 2,596
- 23 Tax. Check if from ☐ Schedule G-1 and ☐ form FTB 5870A . . . . . 23
- 24 Add line 22 and line 23. Continue to Side 2 . . . . . 24 2,596

<b>Step 6</b>	25	Amount from Side 1, line 24	25	2,596
<b>Special Credits and Non-refundable Renter's Credit</b>	28	Credit name _____ code no. <input type="checkbox"/> 28		
	29	Credit name _____ code no. <input type="checkbox"/> 29		
	30	To claim more than two credits, see instructions	<input type="checkbox"/> 30	
	31	Nonrefundable renter's credit. See instructions for "Step 6"	<input type="checkbox"/> 31	
	33	Add line 28 through line 31. These are your total credits	33	
	34	Subtract line 33 from line 25. If less than zero, enter -0-	34	2,596

<b>Step 7</b>	35	Alternative minimum tax. Attach Schedule P (540)	<input type="checkbox"/> 35	
<b>Other Taxes</b>	36	Other taxes and credit recapture. See instructions	<input type="checkbox"/> 36	
	37	Add line 34 through line 36. This is your total tax	<input type="checkbox"/> 37	2,596

<b>Step 8</b>	38	CA income tax withheld. Enter total from your 1998 Form(s) W-2, W-2G, 1099-MISC and 1099-R. Also, attach form(s) to Side 1	<input type="checkbox"/> 38	
	39	1998 California estimated tax and amount applied from your 1997 return. Include the amount from form FTB 3519 or Schedule K-1 (541)	<input type="checkbox"/> 39	
	41	Did either you/your spouse rec. more than \$31,767 in wages in 1998? Yes. See instructions. No. Go to line 42	<input type="checkbox"/> 41	
	42	Add line 38 through line 41. These are your total payments	42	

<b>Step 9</b>	43	Overpaid tax. If line 42 is more than line 37, subtract line 37 from line 42	43	
	44	Amount of line 43 you want applied to your 1999 estimated tax	<input type="checkbox"/> 44	
	45	Overpaid tax available this year. Subtract line 44 from line 43	<input type="checkbox"/> 45	
	46	Tax due. If line 42 is less than line 37, subtract line 42 from line 37	46	2,596

<b>Step 10</b>	47	Contribution to California Seniors Special Fund. See instructions	<input type="checkbox"/> 47	
	You may make a contribution of \$1 or more to:			
	48	Alzheimer's Disease/Related Disorders Fund	<input type="checkbox"/> 48	00
	49	California Fund for Senior Citizens	<input type="checkbox"/> 49	00
	50	Rare and Endangered Species Preservation Program	<input type="checkbox"/> 50	00
	51	State Children's Trust Fund for the Prevention of Child Abuse	<input type="checkbox"/> 51	00
	52	California Breast Cancer Research Fund	<input type="checkbox"/> 52	00
	53	California Firefighters' Memorial Fund	<input type="checkbox"/> 53	00
	54	California Public School Library Protection Fund	<input type="checkbox"/> 54	00
	55	D.A.R.E. California (Drug Abuse Resistance Education) Fund	<input type="checkbox"/> 55	00
	56	California Military Museum Fund	<input type="checkbox"/> 56	00
	57	California Mexican American Veterans' Fund	<input type="checkbox"/> 57	00
	58	Emergency Food Assistance Program Fund	<input type="checkbox"/> 58	00
	59	Add line 47 through line 58. These are your total contributions	<input type="checkbox"/> 59	0

<b>Step 11</b>	60	REFUND OR NO AMOUNT DUE. Subtract line 59 from line 45. Mail your return to: IMAGE PROCESSING, FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0009	<input type="checkbox"/> 60	0
	61	AMOUNT YOU OWE. Add line 46 and line 59. Make a check/money order payable to "Franchise Tax Board" for the full amount. Write your social security number and "1998 Form 540" on it. Attach it to the front of your Form 540 and mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001.	<input type="checkbox"/> 61	2,596

<b>Step 12</b>	62	Interest, late return penalties and late payment penalties	<input type="checkbox"/> 62	
	63	Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here	<input checked="" type="checkbox"/> 63	119
<b>Interest and Penalties</b>			<input type="checkbox"/> 64	4

**Sign Here** **IMPORTANT:** See "Sign Your Return" in the Form 540 instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Your signature DANIEL R. REYNOLDS Spouse's signature (if filing joint, both must sign) \_\_\_\_\_ Date \_\_\_\_\_ Daytime phone number \_\_\_\_\_

**TAXPAYER COPY** X

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) DANIEL R. REYNOLDS Paid preparer's SSN/FEIN 562-23-9994

Firm's name (or yours if self-employed) COSTANTINI, DANNA, IMMER, ETAL Firm's address 100 PARK CENTER PLAZA #495 SAN JOSE, CA 95113

(99) IRS Use Only -- Do not write or staple in this space.

OMB No. 1545-0074

<b>Yes</b>	<b>No</b>	<b>Note:</b> Checking "Yes" will not change your tax or reduce your refund
	<b>X</b>	

Do you want \$3 to go to this fund? .....

If a joint return, does your spouse want \$3 to go to this fund?.....

<b>Filing Status</b>  Check only one box.	<b>1</b>	<input checked="checked" type="checkbox"/>	Single
	<b>2</b>	<input type="checkbox"/>	Married filing joint return (even if only one had income)
	<b>3</b>	<input type="checkbox"/>	Married filing separate return. Enter spouse's SSN above & full name here. ▶ _____
	<b>4</b>	<input type="checkbox"/>	Head of household (with qualifying person). (See page 18.) If qualifying person is a child but not your dependent, enter child's name here. ▶ _____
	<b>5</b>	<input type="checkbox"/>	Qualifying widow(er) with dependent child (yr. spouse died ▶ 19____). (See page 18.)

6a	<input checked="" type="checkbox"/>	<b>Yourself.</b> If your parent (or someone else) can claim you as a dependent on his or her tax return, <b>do not</b> check box 6a.	No. of boxes checked on 6a and 6b
----	-------------------------------------	--	-----------------------------------

b	<input type="checkbox"/>	Spouse .....	No. of your

**C Dependents:** If more than six dependents, see page 19.

[illegible]

d Total number of exemptions claimed.....		entered on lines above ▶	7
---	--	-----------------------------	---

<b>7</b> Wages, salaries, tips, etc. Attach Form(s) W-2	<b>7</b>	137,780.
---	----------	----------

**Attach  
Copy B of your  
Forms W-2,  
W-2G, and  
1099-R here.**

If you did not  
get a W-2,  
see page 20.

Enclose, but do not staple, any payment. Also, please use Form 1040-V.

<b>8a</b> Taxable interest. Attach Schedule B if required . . . . .	<b>8a</b>
---	-----------

<b>b</b> Tax-exempt interest. DO NOT include on line 8a . . . . .	<b>8b</b>	
---	-----------	--

<b>9</b>	Ordinary dividends. Attach Schedule B if required.	<b>9</b>	612
----------	--	----------	-----

<b>10</b>	<b>Taxable refunds, credits, or offsets of state and local income taxes (see page 21)</b> . . . . .	<b>10</b>	
-----------	---	-----------	--

11	Alimony received .....	11	
----	------------------------	----	--

<b>2</b>	Business income or (loss). Attach Schedule C or C-EZ.	<b>12</b>	
----------	---	-----------	--

<b>3</b>	Capital gain or (loss). Attach Schedule D.	<b>13</b>	76,451
----------	--	-----------	--------

<b>4</b>	Other gains or (losses). Attach Form 4797.	<b>14</b>	
----------	--	-----------	--

<b>5a</b> Total IRA distributions	<b>15a</b>	<b>b</b> Taxable amount (see page 22)	<b>15b</b>
-----------------------------------	------------	---------------------------------------	------------

<b>6a</b> Total pensions and annuities	<b>16a</b>	<b>b</b> Taxable amount (see page 22)	<b>16b</b>
--	------------	---------------------------------------	------------

7	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
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8	Farm income or (loss). Attach Schedule F.	18
---	---	----

9	Unemployment compensation	19	
---	---------------------------	----	--

<b>20a</b>	Social security benefits	<b>20a</b>	<b>b</b> Taxable amount (see page 24)	<b>20b</b>
------------	--------------------------	------------	---------------------------------------	------------

2021	2020
1	21

<b>22</b>	Add the amounts in the far right column for lines 7 through 21. This is your total income.	<b>21</b>		
		<b>22</b>	214	843

22	Add the amounts in the far right column for lines 7 through 21. This is your <b>total income</b>	22	214,843.
23	IRA deduction (see page 25)	23	

Adjusted  
Gross  
Income

If line 33 is under \$30,095 (under \$10,030 if a child did not live with you), see EIC inst. on page 36.

3	IRA deduction (see page 25)	25	
4	Student loan interest deduction (see page 27)	24	

4	Student loan interest deduction (see page 27).....	24	
5	Medical savings account deduction. Attach Form 8853	25	

5	Medical savings account deduction. Attach Form 8853 . . . .	25	
6	Moving expenses. Attach Form 3903 . . . .	26	

6	Moving expenses. Attach Form 3903.....	26	
7	One-half of self-employment tax. Attach Schedule SE.....	27	

7	One-half of self-employment tax. Attach Schedule SE . . . .	27		
8	Self-employed health insurance deduction (see page 38)	28		

8	Self-employed health insurance deduction (see page 28)...	28	
9	Keogh and self-employed SEP and SIMPLE plans	29	

9	Reign and self-employed SEP and SIMPLE plans . . . . .	29		
0	Penalty on early withdrawal of savings	30		

10	Penalty on early withdrawal of savings. . . . .	30	
12	All other items. . . . .	312	

1a Alimony paid. ☐ Recipient's SSN 31a

---

2 Add lines 22 through 24

22

2	Add lines 23 through 31a	32	
2	Subtract line 32 from line 23. This is your net long-term capital gain	33	23 31a 31b

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 51.

Preparers Edition Form **1040** (1998)



Form 1040 (1998)

RICHARD E GEORGE

564-13-3662

Page 2

<b>Tax and Credits</b>	<b>34</b>	Amount from line 33 (adjusted gross income) .....	<b>34</b>	214,843.
	<b>35a</b>	Check if: <input type="checkbox"/> You were 65/older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here .....	<b>35a</b>	
	<b>b</b>	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 29 and check here .....	<b>35b</b>	<input type="checkbox"/>
<b>Standard Deduction for Most People</b>	<b>36</b>	Enter the <b>larger</b> of your <b>itemized deductions</b> from Schedule A, line 28, <b>OR standard deduction</b> shown on the left. <b>But</b> see page 30 to find your standard deduction if you checked any box on line 35a or 35b <b>or</b> if someone can claim you as a dependent .....	<b>36</b>	49,604.
Single: \$4,250	<b>37</b>	Subtract line 36 from line 34. ....	<b>37</b>	165,239.
Head of household: \$6,250	<b>38</b>	If line 34 is \$93,400 or less, multiply \$2,700 by the total number of exemptions claimed on line 6d. If line 34 is over \$93,400, see the worksheet on page 30 for the amount to enter .....	<b>38</b>	702.
Married filing jointly or Qualifying widow(er): \$7,100	<b>39</b>	<b>Taxable income.</b> Subtract line 38 from line 37. If line 38 is more than line 37, enter -0- .....	<b>39</b>	164,537.
Married filing separately: \$3,550.	<b>40</b>	<b>Tax.</b> See page 30. Check if any tax from <b>a</b> <input type="checkbox"/> Form(s) 8814 <b>b</b> <input type="checkbox"/> Form 4972 .....	<b>40</b>	37,456.
	<b>41</b>	Credit for child & dependent care expenses. Attach Form 2441. ....	<b>41</b>	
	<b>42</b>	Credit for the elderly or the disabled. Attach Schedule R. ....	<b>42</b>	
	<b>43</b>	Child tax credit (see page 31) .....	<b>43</b>	
	<b>44</b>	Education credits. Attach Form 8863 .....	<b>44</b>	
	<b>45</b>	Adoption credit. Attach Form 8839 .....	<b>45</b>	
	<b>46</b>	Foreign tax credit. Attach Form 1116 if required. ....	<b>46</b>	
	<b>47</b>	Other. Check if from <b>a</b> <input type="checkbox"/> Form 3800 <b>b</b> <input type="checkbox"/> Form 8396 <b>c</b> <input type="checkbox"/> Form 8801 <b>d</b> <input type="checkbox"/> Form .....	<b>47</b>	
	<b>48</b>	Add lines 41 through 47. These are your <b>total credits</b> .....	<b>48</b>	
	<b>49</b>	Subtract line 48 from line 40. If line 48 is more than line 40, enter -0- .....	<b>49</b>	37,456.
<b>Other Taxes</b>	<b>50</b>	Self-employment tax. Attach Schedule SE .....	<b>50</b>	
	<b>51</b>	Alternative minimum tax. Attach Form 6251 .....	<b>51</b>	
	<b>52</b>	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 .....	<b>52</b>	
	<b>53</b>	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required. ....	<b>53</b>	
	<b>54</b>	Advance earned income credit payments from Form(s) W-2 .....	<b>54</b>	
	<b>55</b>	Household employment taxes. Attach Schedule H .....	<b>55</b>	
	<b>56</b>	Add lines 49 through 55. This is your <b>total tax</b> .....	<b>56</b>	37,456.
<b>Payments</b>	<b>57</b>	Federal income tax withheld from Forms W-2 and 1099 .....	<b>57</b>	
	<b>58</b>	1998 estimated tax payments & amt. applied from 1997 return .....	<b>58</b>	
	<b>59a</b>	<b>Earned income credit.</b> Attach Sch. EIC If you have a qualifying child. <b>b</b> Nontaxable earned income: amount ▶ .....	<b>59a</b>	
Attach Forms W-2 and W-2G on page one. Also attach Form 1099-R if tax was withheld.	<b>60</b>	Additional child tax credit. Attach Form 8812 .....	<b>60</b>	
	<b>61</b>	Amount paid with Form 4868 (request for extension) .....	<b>61</b>	
	<b>62</b>	Excess social security and RRTA tax withheld (see page 43) .....	<b>62</b>	526.
	<b>63</b>	Other payments. Check if from <b>a</b> <input type="checkbox"/> Form 2439 <b>b</b> <input type="checkbox"/> Form 4136. ....	<b>63</b>	
	<b>64</b>	Add lines 57, 58, 59a, and 60 through 63. These are your <b>total payments</b> .....	<b>64</b>	526.
<b>Refund</b>	<b>65</b>	If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you <b>OVERPAID</b> .....	<b>65</b>	
Have it directly deposited! See page 44 and fill in 66b, 66c, and 66d.	<b>66a</b>	Amount of line 65 you want <b>REFUNDED TO YOU</b> .....	<b>66a</b>	
	<b>b</b>	Routing no. <input type="text"/> ▶ <b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	<b>d</b>	Account no. <input type="text"/>		
	<b>67</b>	Amount of line 65 you want <b>APPLIED TO 1999 EST. TAX.</b> ▶ <b>67</b>	<b>67</b>	
<b>Amount You Owe</b>	<b>68</b>	If line 56 is more than line 64, subtract line 64 from line 56. This is the <b>AMOUNT YOU OWE</b> . For details on how to pay, see page 44 .....	<b>68</b>	38,603.
	<b>69</b>	Estimated tax penalty. Also include on line 68 .....	<b>69</b>	1,673.
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Joint Return? See page 18.	Your signature		Date	Your occupation
Keep a copy for your records.	Spouse's signature. If a joint return, BOTH must sign.		Date	Spouse's occupation
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours if self-employed) and address	EIN		ZIP code

**SCHEDULE A  
(Form 1040)**Department of the Treasury  
Internal Revenue Service (99)**Schedule A -- Itemized Deductions**

OMB No. 1545-0074

**1998**Attachment  
Sequence No. **07**▶ **Attach to Form 1040.** ▶ **See instructions for Schedule A (Form 1040).**

Name(s) shown on Form 1040

**RICHARD E GEORGE**

Your social security no.

**564-13-3662****Medical  
and  
Dental  
Expenses****Caution:** Do not include expenses reimbursed/paid by others.**1** Medical and dental expenses (see page A-1) . . . . .**1****2** Enter amt. from Form 1040, line 34 **2** . . . . .**2****3** Multiply line 2 above by 7.5% (.075) . . . . .**3****4** Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- . . . . .**4****Taxes You  
Paid**(See  
page A-2.)**5** State and local income taxes . . . . .**5****6** Real estate taxes (see page A-2) . . . . .**6****7** Personal property taxes . . . . .**7****8** Other taxes. List type and amount ▶ . . . . .**8****9** Add lines 5 through 8 . . . . .**9****Interest  
You Paid**(See  
page A-3.)**10** Home mortg. interest & points reported to you on Form 1098 . .**10****52,314.****11** Home mortgage interest not reported to you on Form 1098. If  
paid to the person from whom you bought the home, see page  
A-3 & show that person's name, identifying no., and address ▶  
. . . . .  
. . . . .  
. . . . .**11****12** Points not reported to you on Form 1098. See page A-3 for  
special rules. . . . .**12****13** Investment interest. Attach Form 4952 if required. (See  
page A-3.) . . . . .**13****14** Add lines 10 through 13. . . . .**14****52,314.****Gifts to  
Charity**If you made a  
gift and got a  
benefit for it,  
see page A-4.**15** Gifts by cash or check. If you made any gift of \$250 or more,  
see page A-4. . . . .**15****16** Other than by cash or check. If any gift of \$250 or more, see  
page A-4. You **MUST** attach Form 8283 if over \$500 . . . . .**16****17** Carryover from prior year. . . . .**17****18** Add lines 15 through 17. . . . .**18****Casualty and  
Theft Losses****19** Casualty or theft loss(es). Attach Form 4684. (See page A-5.) . . . . .**19****Job  
Expenses  
and Most  
Other  
Miscellaneous  
Deductions**(See  
page A-6 for  
expenses to  
deduct here.)**20** Unreimbursed employee expenses -- job travel, union dues,  
job education, etc. You **MUST** attach Form 2106 or 2106-EZ if  
required. (See page A-5.) ▶ . . . . .  
. . . . .  
. . . . .**20****21** Tax preparation fees . . . . .**21****22** Other expenses -- investment, safe deposit box, etc. List type  
and amount ▶ . . . . .  
. . . . .  
. . . . .**22****23** Add lines 20 through 22. . . . .**23****24** Enter amt. from Form 1040, line 34 **24** . . . . .**24****25** Multiply line 24 above by 2% (.02). . . . .**25****26** Subtract line 25 from line 23. If line 25 is more than line 23, enter -0- . . . . .**26****Other  
Miscellaneous  
Deductions****27** Other -- from list on page A-6. List type and amount ▶ . . . . .  
. . . . .  
. . . . .**27****Total  
Itemized  
Deductions****28** Is Form 1040, line 34, over \$124,500 (over \$62,250 if married filing separately)?**NO.** Your deduction is not limited. Add the amounts in the far right column  
for lines 4 through 27. Also, enter on Form 1040, line 36, the larger of  
this amount or your standard deduction.**28****49,604.****YES.** Your deduction may be limited. See page A-6 for the amount to enter.





STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0041

(800) 852-2753

**NOTICE OF PROPOSED ASSESSMENT**

We propose to assess additional tax on your account for the taxable year shown below. We explain why below. See the enclosed *Personal Income Tax Notice of Proposed Assessment Information* for more information on your rights and responsibilities. Please refer to side 2 of this notice for current interest and penalty rates.

RICHARD E GEORGE  
431 CENTRAL AV  
MENLO PARK CA 94025-2804

Date: 11/21/02  
Taxable year: 1998  
Account No.: 884097537GEOR  
NPA No.: 04578630  
Rev. Cd.: 3482402KEL110601  
D.L.N.: 0159836511  
Proposed: 46,302.40  
PROTEST BY: 01/21/03  
TP SSN 564133662

INCOME AS REPORTED OR REVISED		\$	46,392.00
CAPITAL GAIN OR LOSS	76,451.00		
ITEMIZED DEDUCTIONS	46,484.00		
STANDARD DEDUCTION	-2,642.00		
W-2 VERITY INC	129,280.00		
W-2 PORTFOLIO	8,500.00		
1099INT-C MERRILL LYNCH	612.00		258,685.00
REVISED TAXABLE INCOME			305,077.00
FILING STATUS - SINGLE			
TAX - TABLE			26,723.00
TOTAL EXEMPTION CREDITS (AS ADJUSTED)			0.00
TOTAL TAX LIABILITY			26,723.00
LESS PREVIOUSLY ASSESSED			2,596.00
ADDITIONAL TAX			24,127.00
PENALTIES: DELINQUENT RETURN	6,031.75		
ACCURACY RELATED	4,825.40		10,857.15
INTEREST TO 11/21/02			11,318.25
TOTAL ADDITIONAL TAX, PENALTIES AND INTEREST		\$	46,302.40

THE ADJUSTMENT IS BASED UPON INFORMATION OBTAINED FROM THE INTERNAL REVENUE SERVICE UNDER AUTHORIZATION OF SECTION 6103 (D) OF THE INTERNAL REVENUE CODE. WHERE THE STATE AND FEDERAL LAWS GOVERNING THE ISSUES INVOLVED ARE THE SAME, WE FOLLOW THE FINDINGS OF THE FEDERAL REPORTS TO THE EXTENT APPLICABLE TO THE CALIFORNIA RETURN.

BASED ON YOUR REVISED FEDERAL ADJUSTED GROSS INCOME, WE HAVE REDUCED OR DENIED YOUR CALIFORNIA EXEMPTION CREDIT(S).

CONTINUED ON PAGE 2



STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-1111  
WWW.FTB.CA.GOV



Notice Date: January 24, 2005  
Account Number: 884 09 7537

SSN: 564 13 3662

(800) 689-4776 or outside U.S. (916) 845-4470  
656 M7

## Income Tax Amnesty Application

To correct name or address, line out old and write in new information.

RICHARD E GEORGE  
431 CENTRAL AVE  
MENLO PARK CA 94025-2804

**YOU MAY SAVE**

**California Tax Amnesty  
Ends March 31, 2005.**

Right now, California's 2005 tax amnesty program offers **you a window of opportunity** - pay your past-due income taxes and interest, and **you won't have to pay most penalties and fees** or fear prosecution. If you choose to take advantage of this **limited time program**, you can correct your tax records and save money. We'll waive most existing penalties and fees applicable to taxable years beginning before January 1, 2003, and you'll avoid new penalties that will be effective March 31, 2005.

The money we collect is needed to support California's quality of life, funding programs like schools, fire and police departments, streets and highways, and other basic programs we often take for granted. **Bottom line? You'll benefit from tax amnesty and so will your community.**

**You must apply for amnesty between February 1 and March 31, 2005.** You have until May 31, 2005, to file missing or amended returns and pay your tax and interest. To **learn how you can participate**, see the back of this application. We've included more information on the pages that follow, and you can get the latest amnesty news at our Website: [www.ftb.ca.gov](http://www.ftb.ca.gov).

Attach payment here

Amnesty Eligible Account Summary Estimated Through March 31, 2005	TAX YEAR	TAX RETURN ON FILE?	AMOUNT DUE BEFORE NEW PENALTIES		
			WITHOUT AMNESTY	PENALTIES/ FEES	WITH AMNESTY
Check the box for → each year you want included under amnesty	[ ] 2002	No	\$14,176.81	*	*
	[ ] 2001	No	\$20,040.35	*	*
	[ ] 1999	Yes	\$23,840.79	\$3,842.79	\$19,998.00
	[ ] 1998	Yes	\$51,999.12	\$18,064.08	\$33,935.04
Total			\$110,057.07	*	*
If you want to include other years not listed on the table, add them here. →					

\*Please contact us at (800) 689-4776 for additional information

I understand that by signing this application and completing amnesty, I give up my right to protest, appeal, or file a claim for refund or credit on those amounts for which I have selected amnesty. I also understand my amnesty will be cancelled if I do not file my income tax returns and pay any resulting income taxes for taxable years 2005 and 2006. I am signing this document under penalty of perjury.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature (spouse): \_\_\_\_\_

Date: \_\_\_\_\_

Daytime telephone number: \_\_\_\_\_